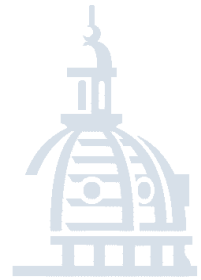


Fiscal Note

Fiscal Services Division



HF 282 – Dropout Prevention Program Funding (LSB1535HV)

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Fiscal Note Version – New

Description

House File 282 increases the percentage of students from the school district's budget enrollment that the district may identify as returning or potential dropouts from 5.0% to 7.0% when requesting modified allowable growth for the Dropout Prevention Program.

Background

Currently school districts may request modified allowable growth from the Department of Education to fund programs for returning dropouts or dropout prevention. The modified allowable growth request cannot exceed 5.0% of the district's Regular Program budget and is funded through local property taxes. In FY 2009, 320 school districts levied a total of \$101.8 million for Dropout Prevention Program funding. Of the 320 districts, 90 were at the 5.0% maximum. The following table provides Dropout Prevention Program funding and usage since FY 2001.

Dropout Prevention Program Funding Through the School Aid Formula FY 2001 to FY 2009
(Dollars in Millions)

Dropout Prevention Program Funding Through the School Aid Formula FY 2001 To FY 2009 (Dollars in Millions)							
Fiscal Year	Dropout Prevention School Aid Funding	Dropout Prevention Funding Capacity	Actual Funding as a Percentage of 5.0% Max Capacity	Number of Districts with Program	Percentage of Districts with Program	Number of Districts at 5% Maximum Capacity	Percentage of Districts at 5.0% Maximum
2009	\$ 101.8	\$ 133.8	76.1%	320	88.4%	90	24.9%
2008	88.4	129.3	68.4%	312	85.7%	71	19.5%
2007	79.6	124.5	63.9%	304	83.3%	51	14.0%
2006	72.1	119.8	60.2%	281	77.0%	40	11.0%
2005	64.4	115.6	55.7%	274	74.7%	27	7.4%
2004	57.0	113.8	50.1%	259	70.0%	20	5.4%
2003	51.8	112.2	46.2%	236	63.6%	13	3.5%
2002	44.2	112.1	39.4%	225	60.6%	3	0.8%
2001	40.5	108.8	37.2%	216	57.8%	2	0.5%

Assumptions

- Increasing the percentage from 5.0% to 7.0% will impact school district budgets beginning in FY 2011.
- Assumes 90 districts will be at or near the 5.0% maximum capacity in FY 2010.
- Assumes a 4.0% allowable growth rate for FY 2010. Estimated data from FY 2010 is used as the basis for the FY 2011 estimate.

- The number of districts that will increase Dropout Prevention Program funding due to an increase in the maximum percentage is currently unknown.
- The Dropout Prevention Program funding maximum capacity at 5.0% is approximately \$138.1 million and at 7.0% it totals approximately \$193.4 million.
- For the 90 districts that were at the 5.0% maximum capacity in FY 2009, the amount generated for the Dropout Prevention Program totals \$58.4 million. Increasing the maximum rate to 7.0% could generate an additional \$23.4 million for those districts.

Fiscal Impact

There is no impact to the State General Fund.

Increasing the maximum percentage from 5.0% to 7.0% increases the Dropout Prevention Program funding capacity by approximately \$55.3 million. Enactment of [HF 282](#) will likely result in a local property tax increase to fund the Program beginning in FY 2011, but the impact is currently unknown.

Sources

Department of Management, School Aid file
LSA calculations

/s/ Holly M. Lyons

February 16, 2009

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56](#), [Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
